

Testimony for the Record
By Audrey Meyers, President & CEO, Valley Health System

Submitted to the
U.S. House of Representatives Committee on Ways & Means
Tax Reform and Charitable Contributions Hearing
Thursday, February 14, 2013

On behalf of Valley Health System, located in Bergen County, New Jersey, I urge Congress to act with great caution when considering changing the tax implications of charitable deductions in pursuit of more revenue to ameliorate the nation's rising debt.

Recently, arguments have been made in favor of limiting the charitable deduction using logic that reducing deductions asks a sacrifice from those who can most easily afford it. Our experience as a community hospital has demonstrated that this is wrong, and the sacrifice will come from those with the greatest need of a helping hand. Charitable deductions are not about who benefits from giving, they are about who benefits from support-charities; the people who rely on the jobs and services their funds provide.

Some have claimed that cutting back deductions will increase the operational efficiency of non-profits—suggesting that charities are bloated. However, in 2011 the Nonprofit Finance Fund, a community development financial agency, found that 56 percent of organizations either operated in a deficit or at break-even. As a community hospital, we rely on the generosity of our community. These funds are crucial for organizations and communities like ours; we treat every person that walks into our emergency room. This has become an increasing challenge as uncompensated care has risen 82 percent in the last decade and our lean industry now provides 1 of every 9 jobs in America.

A recent survey of hospital and health care development professionals found that nine out of 10 agreed that proposed limits on charitable deductions would cause significant reductions in giving to their organizations. About 40 percent estimate that charitable giving would decrease between 10 and 30 percent if significant changes are made to the current tax incentives for charitable donations, which conservatively could amount to more than a \$1.07 billion drop in total annual giving to nonprofit hospitals and health care providers based on Association for Health Care Philanthropy FY 2009 giving statistics.

Finally, the charitable deduction is unique in that it's a government incentive to sacrifice on behalf of the common good. Unlike incentives to save for one's education, retirement or purchase of a home, charitable deductions encourage behavior for which a taxpayer gets no direct, personal, tangible benefit while bringing communities closer together.

We appreciate the consideration of our views and would like to thank the Committee for the acceptance and receipt of our statement for the hearing record.